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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

1. Mideast
2. Iran

Key stories in the media:

Leading media (banner in Yediot) quoted PM Ehud Olmert as saying at a fundraising event in Haifa on Thursday that his meeting with PA

President Mahmoud Abbas on Monday will create a "new beginning" between Israel and the Palestinians. "I am going to meet with President [Hosni] Mubarak of Egypt, King Abdullah of Jordan and President Abu Mazen [Abbas] of the Palestinian Authority this coming Monday to jointly work on a platform that may lead into a new beginning between us and the Palestinians," the PM was quoted as saying. "We will have the support and the involvement of the United States of America, whose leader George W. Bush, wants to realize while still in office, the dream of a Palestinian state alongside the state of Israel in peace and security," Olmert added. Leading media reported that during the upcoming meeting Israel will propose a "package of gestures" for the Palestinians, such as releasing USD 600 million in tax revenues that Israel collected on the PA's behalf, providing PA forces with modern weapons, and the removal of checkpoints in the West Bank. The media quoted GOI officials as saying that more concessions will be offered, but that a prisoner release is not on the agenda. Yediot reported that Olmert suggested that a senior Saudi official take part in the Sharm el-Sheikh summit. The Jerusalem Post wrote that efforts are underway to get the Saudis to join future meetings.

Makor Rishon-Hatzofe reported that a "senior White House official" told the newspaper after the meeting between Olmert and President Bush that Israel's restraint weakens the US. The official was quoted as saying that the Israeli failures in Lebanon and the Gaza Strip are perceived as an American failure and that Olmert is a very weak prime minister.

Ha'aretz reported that despite open backing by UN Secretary-General Ban Ki-moon's office of the new Palestinian emergency government, a Security Council bid to support Abbas and isolate Hamas has been thwarted. A US initiative for a Security Council declaration of confidence in the emergency government was blocked by objections from four council members -- Russia, South Africa, Indonesia, and Qatar -- on Wednesday. Ha'aretz quoted UN sources in New York as saying that these countries' governments object to the anti-Hamas policy and to American and European efforts to isolate the group as a terror organization. The South African Ambassador argued that the international community, especially the US, Israel and the Quartet, are to blame for the situation in the Gaza Strip. The Indonesian Ambassador complained that the Security Council was devoting time and energy to discussions of Lebanon but ignoring the Palestinian problem. The Palestinian observer to the UN also objected to a declaration of support for the emergency government. The observer argued that such a declaration would constitute intervention in the PA's internal affairs.

The Jerusalem Post reported that fearing a humanitarian crisis, the Defense Ministry is considering parachuting food into the Gaza Strip, or sending in tanks and troops to take over the Palestinian side of the Karni cargo crossing to oversee supplies. Leading media reported that on Thursday Israel evacuated about 60 Palestinian residents but that half of them refused to enter Israel and insisted on returning to Gaza. Media reported that on Thursday ten truckloads of basic foodstuffs, provided by King Abdullah II of Jordan, entered the Gaza Strip through the Kerem Shalom crossing.

Major media reported that on Thursday the PLO's Central Council called for disarming all armed militias in the PA, including Hamas's Executive Force and Fatah's Al-Aqsa Martyrs Brigades. Yediot reported that Abbas intends to declare Hamas a terrorist organization.

Ha'aretz quoted former Palestinian FM Mahmoud Zahar (Hamas) as saying in an interview with the German weekly Der Spiegel: "We will establish an Islamic state only after we have a Palestinian state. At present we want to establish an Islamic society." Maariv reported on the presence of Iranian military experts in the Gaza Strip.

Major media reported that in Washington on Thursday Likud Chairman Binyamin Netanyahu told reporters that the Jordanian-Palestinian Badr Brigade should help maintain order in the West Bank. Ha'aretz also quoted Netanyahu as saying and that Egypt should act to prevent arms smuggling along its border with Gaza. Speaking on Israel Radio this morning, former FM Silvan Shalom (Likud) blasted the idea of bringing the Badr Brigade to the West Bank, saying that the force might turn against Israel. Maariv, The Jerusalem Post, and Makor

Rishon-Hatzofe printed pictures of Netanyahu with Sen. Hillary Rodham Clinton.

In its lead story, Ha'aretz reported that on Thursday Syrian Vice President Farouk Shara downplayed prospects of peace with Israel, saying that crucial American support was lacking. In the first official Syrian comments on the matter, Shara said in Damascus: "We are not optimistic. The US President does not want peace between Israel and Syria."

Israel Radio and other media reported that the US Congress has taken USD 200 million off the assistance to Egypt because that country has allowed weapons smuggling into the Gaza Strip. The radio also reported that Congress has taken financial measures against Hamas.

Saying that the IAF is boosting its offensive "long-range" exercises, Maariv reported on increasing contacts between Israel and the US regarding possible attacks against Iran. The Jerusalem Post also reported on growing IAF-USAF cooperation. Makor Rishon-Hatzofe reported that on Wednesday Russian FM Sergey Lavrov met with Iranian President Mahmoud Ahmadinejad in Tehran. The newspaper and The Jerusalem Post reported that on Wednesday US Congress members passed, 411 to 2, a non-binding resolution calling on the US Security Council to put Ahmadinejad on trial for infringing the UN Genocide Treaty.

Maariv cited Arab media as saying that Syrian President Bashar Assad, who fears that Israel might endanger his regime, plans to smuggle his personal fortune out of Syria.

The Jerusalem Post reported that three experts told the US Congress on Wednesday that a historic window of opportunity to put Hizbullah on the EU terror list has opened following the French elections.

The Jerusalem Post reported that Mumtaz Dughmush, the head of the Gaza clan that has been holding BBC correspondent Alan Johnston for the past 100 days, is refusing to release the journalist for fear that Hamas will kill him and most of his clan members.

Maariv reported that through the Greek Orthodox Church -- a significant landowner in Israel -- Jordanian Prince Ghazi, a cousin of the late King Hussein, is trying to take over thousands of dunams (one dunam equals approximately 0.25 acres) of precious real estate in Israel, including land on which the Knesset building was erected.

Ha'aretz (English Ed.) reported that "Obsession: Radical Islam's War Against the West," a documentary produced in Israel and screened widely throughout the US, is stirring furious debate over its depiction of Muslims. The film is gaining a quick following among conservative Americans, Evangelicals, and Jews. Vice President Dick Cheney is said to have seen the film and though it has not technically been released yet, segments have been screened several times on Fox News and shown on nearly 200 university campuses. However, the newspaper said that critics of the film dismiss it as "fear-mongering" propaganda aimed at bashing Muslims and inciting bigotry and hate.

Ha'aretz quoted a source in the IDF's Civil Administration as saying that residents of the West Bank settlement outpost of Adei Ad uprooted 300 olive trees belonging to Palestinian farmers about a week ago. Ha'aretz cited claims by the settlers' regional council that the orchard had been worked by Jews for years.

Ha'aretz and Yediot quoted close associates of Olmert as saying that Interior Minister Roni Bar-On is likely to replace Abraham Hirschson as finance minister.

Ha'aretz reported that Russian tycoon Vyacheslav Moshe Kantor, an associate of President Vladimir Putin, is the leading candidate for president of the European Jewish Congress in next week's elections in Brussels. Kantor is supported by a number of European Jewish community leaders, but a few have warned against electing a close ally of the Russian government. Ha'aretz cited the fear of some Israeli officials that as president of the umbrella organization, Kantor could undermine Israel's efforts to prevent Iran from developing nuclear weapons. Ha'aretz quoted Kantor as saying that his close links to the Kremlin are good for the Jews and might prove helpful on the Iranian issue.

Ha'aretz published a series of appreciative obituaries of its senior defense commentator Zeev Schiff, who passed away this week. Israeli president-elect Shimon Peres, former US ambassador to Israel Martin Indyk, Executive Director of the Washington Institute Robert Satloff, and former ambassador to the US Itamar Rabinovich, are among the writers.

Yediot reported that Israelis who convicted of drunk driving or similar offenses are likely to be refused a US visa. The newspaper quoted Israeli lawyers as saying that the US has access to Israeli criminal records so that lying when applying for a visa is useless. Yediot quoted sources at Israel Police headquarters as saying that in certain cases the US and Israel exchange information about their citizens.

Globes reported that the leading US healthcare company Boston Scientific is purchasing the Israeli medical equipment firm Rimon Medical for USD 80 million.

Ha'aretz, Yediot, and Maariv cited the results of a poll published on Thursday by the independent Palestinian Center for Policy and Survey Research. Some 75 percent of Palestinians favor new elections. The poll, conducted during and after last week's Hamas takeover of Gaza, found that 49 percent back Abbas for president and 42 percent favor former PM Ismail Haniyeh of Hamas. But if imprisoned Fatah leader Marwan Barghouti were to run, he would win 59 percent to Haniyeh's 35 percent. Some 59 percent said that Hamas and Fatah are equally to blame for the factional fighting in Gaza, while 70 percent said the chances of getting a Palestinian state in the next five years are slim.

1. Mideast:

Summary:

Washington correspondent Shmuel Rosner and diplomatic correspondent Aluf Benn wrote from Washington in the independent, left-leaning Ha'aretz: "In conversations within the US and Israel this week, we heard doubts that go beyond questions of timing to those of substance: Is the idea of an independent Palestinian state still valid?"

Senior columnist Nahum Barnea and diplomatic correspondent Shimon Shiffer wrote from Washington in the mass-circulation, pluralist Yediot Aharonot: "On the Palestinian issue, Olmert has become the salesman for the new Abu Mazen."

Diplomatic correspondent Herb Keinon wrote in the conservative, independent Jerusalem Post: "Since Abbas is the moderate, he must be supported, and Bush's expectation is that Israel will do everything it can to support him as well."

Michael Freund, who was an assistant to former prime minister Binyamin Netanyahu, wrote in The Jerusalem Post: "We should never have left [the Gaza Strip] in the first place, and the time has now come to return."

Block Quotes:

1. "A Moment of Clarity"

Washington correspondent Shmuel Rosner and diplomatic correspondent Aluf Benn wrote from Washington in the independent, left-leaning Ha'aretz (6/22): "During the Bush-Olmert meeting, the Americans described their thorough examination of the Palestinian constitution to determine whether it allows for the removal of the Hamas government and its replacement by the Fatah emergency government. To the Israelis, who are dismissive of the fine points of Palestinian law, it seemed strange: 'The Americans are going too far in judging our conflict in their own terms,' an Olmert aide said. Washington wants to demonstrate consistency and loyalty to principles, however. Its decision to extend wholehearted support to the emergency government does not make life easier for the State

Department's public relations people. If they talk about democracy, they will be reminded that they did everything possible to neutralize the Hamas victory in the elections. If they speak of peace, they will be accused of colluding with the Israelis to dictate the nature of the Palestinian leadership. When they try to convince the Arabs of the honesty of their intentions, the Americans proceed cautiously: How can they explain their position to the Arabs without harming Israel?.... Bush and Olmert conducted the most effective propaganda show possible under the present circumstances. Olmert looked as though he wanted a Palestinian state even more than the Palestinians themselves do, and Bush appeared to believe in the two-state vision even more than the Israelis and the Palestinians. But in conversations within the US and Israel this week, we heard doubts that go beyond questions of timing to those of substance: Is the idea of an independent Palestinian state still valid?"

II. "Fellow Sufferers"

Senior columnist Nahum Barnea and diplomatic correspondent Shimon Shiffer wrote from Washington in the mass-circulation, pluralist Yediot Aharonot (6/22): "On the Palestinian issue, Olmert has become the salesman for the new Abu Mazen. 'I hope that the shock of the atrocities in Gaza shook him up,' he said to Bush. 'Perhaps he has broken free of his previously held illusions that it is possible to work with a government that includes Hamas. The fact is that the decisions that he has made in the past few days were not made beforehand.' Olmert could have said to the Americans: I told you

so, I warned you about Hamas. My hands are clean. Instead of bemoaning the reality, he preferred to present it as an opportunity.

Bush seized the idea of the opportunity with both hands. Like Olmert, he felt that he has to market a vision to his public, to demonstrate control. The chances that something will come of this are not high, but in the meantime, it is best to concentrate on the chances. For Bush, the crisis in the Palestinian Authority fits into a larger worldview, which in the eyes of most Israelis, and not just the Israelis, is groundless. The avalanche in Gaza was part of a global struggle of sons of light against sons of darkness. Fatah, like Israel, represents democracy. Hamas is the opposite of Fatah: It represents benighted Islamic fanaticism. The US has an absolute commitment to defend democracy everywhere. It is embracing Abu Mazen not for utilitarian reasons, but on the basis of a profound moral awareness. It could even be said that Olmert's marketing ploy succeeded too well. He knows that Abu Mazen is a feeble support. Tomorrow or the day after he may join forces with Hamas again or disappear, he and his men, as they disappeared in Gaza. 'Reality is what will determine matters,' said Olmert to his American interlocutors, 'not dreams.'

III. "Fumbled in Mid-Pass"

Diplomatic correspondent Herb Keinon wrote in the conservative, independent Jerusalem Post (6/22): "It was planned to have been much different, Ehud Olmert's third trip to the US as prime minister.... This visit was designed to shift the focus in Israel from Olmert's political problems to his role as statesman. It was intended to be an important step along the route toward the embattled premier's overall rehabilitation. But then Hamas intervened, and the focus of Olmert's talks this week in the US shifted from boosting Olmert to bolstering Palestinian Authority Chairman Mahmoud Abbas. As much as the US is comfortable with Olmert and the current configuration of the Israeli government, the survivability of Abbas and the success of the 'moderate Palestinian camp' is even more important to Bush's overall policy in the Middle East. And this explains why Olmert, though in the spotlight in Washington, was actually only a supporting player.... It is critically important for the US right now that Abbas not be tackled by the extremists, and this is important not simply within the context of US strategy throughout the Middle East.... Bush has little choice at this point but to support Abbas. The US must demonstrate to others in the Arab world now that in times of need it does not abandon its allies.... Since Abbas is the moderate, he must be supported, and Bush's expectation is that Israel will do everything it can to support him as well."

IV. "Take Back Gaza Now"

Michael Freund, who was an assistant to former prime minister Binyamin Netanyahu, wrote in The Jerusalem Post (6/22): "As important as diplomacy is, it pales in comparison with protecting

the lives of innocent Jewish men, women, and children. When it comes to safeguarding the welfare of its citizens, Israel has no choice but to put aside all other considerations and to act to defend itself. For no matter does, or does not do, the blame is inevitably hurled our way. So we might as well do what we must, and proudly raise the blue and white flag once again over the sand dunes of Gaza. We should never have left in the first place, and the time has now come to return. Like it or not, the choice between Israel or Hamas ruling the area really doesn't leave us with much choice at all. So Gaza, here we come!"

¶2. Iran:

Summary:

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv: "The Persian Gulf is brimming with American aircraft carriers. The Israel Air Force runs 'long-range' training flights."

Block Quotes:

"Positive News on the Iranian Front"

Diplomatic correspondent Ben Caspit wrote in the popular, pluralist Maariv (6/22): "Israeli sources knowledgeable of the contacts with the United States say: 'Everything we suggested them in the Iranian affair has been accepted, including timetables. There are no disagreements at all between us and them on this issue.' The news is good regarding stiffer economic sanctions being imposed on Tehran and information flowing back and forth between Tel Aviv and Washington -- including explicit names of banks active in transferring funds from Iran.... The main problem is the small amount of information about Iran's secret nuclear program.... The Persian Gulf is brimming with American aircraft carriers. The Israel Air Force runs 'long-range' training flights. Those are long-range offensive flights that include refueling in mid-air. They are meant to prevent any trouble or to practice an attack -- whatever happens."

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